

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

**UNITED STATES OF AMERICA,**

**CRIMINAL NO. 16-20380**

**vs.**

**HON. STEPHEN J. MURPHY, III**

**D-1 CAROLYN STARKEYDARDEN,**

**Defendant.**

\_\_\_\_\_ /

**SENTENCING MEMORANDUM OF THE UNITED STATES  
AS TO DEFENDANT CAROLYN STARKEYDARDEN**

The United States of America, by its attorneys, Daniel L. Lemisch, Acting United States Attorney for the Eastern District of Michigan, and Dawn N. Ison, Assistant United States Attorney, respectfully submits this Sentencing Memorandum regarding defendant Carolyn StarkeyDarden, who is scheduled to be sentenced on March 31, 2017. For the reasons provided below, the government recommends a term of imprisonment of 24 months.

**I. INTRODUCTION**

No one knew better than Carolyn StarkeyDarden about the crisis in education in the Detroit Public School district. She had worked at Detroit Public Schools (“DPS”) for over 37 years in different capacities, including teacher,

department head, and director of grant development. But when she reached retirement in 2005, rather than use the expertise she had acquired and the insight into the problem she had gained, StarkeyDarden chose to exploit the severely broken system—cheating both the financially strapped district and the ultimate victims—the schoolchildren in the city of Detroit.

Title I, Part A of the Elementary and Secondary Education Act of 1965, as reauthorized as The No Child Left Behind Act of 2001 (“NCLB”) provided federal funding for supplemental educational services (“SES”) for students who had not made adequate yearly progress in academic achievement for three years. Designed to provide instruction in addition to school, supplemental educational services, included tutoring, remediation, and other supplemental academic enrichment services that were consistent with the content and instruction used by the local educational agency, the school district, and were aligned with the State’s academic content and achievement standards.

The goal of the supplemental educational services program under NCLB was to increase eligible students’ academic achievement in subject or subjects that the State includes in its assessments under the Elementary and Secondary Education Act of 1965, which includes reading, language arts, math, and science, as well as English language proficiency for students with limited English proficiency. State educational agencies, such as the Michigan Department of

Education (“MDE”), were required to identify entities qualified to provide these services.

The approved supplemental educational service provider was required to submit pre-test scores, an individualized learning plan, post-test scores, progress reports, and monthly student attendance records. The pre-test and post-test scores were designed to demonstrate student improvement from start to finish. Payment of federal funds for these services was allowed only after these various benchmarks had been submitted to and approved by the local school district—DPS.

StarkeyDarden was especially qualified to provide supplemental educational services. During her 37 years in education, she had been specifically trained as a reading specialist and on testing strategies; wrote performance objectives for DPS K-8 minimal competency and literacy skills; developed curriculum in core subjects; and supervised teachers in all subject areas. (Exhibit 1). And with that experience, in May of 2005, StarkeyDarden sought approval from MDE to provide after-school tutoring services under NCLB’s supplemental educational services program.

But, StarkeyDarden’s conduct from the start would serve as a harbinger of things to come. Between 2005 and 2012, this highly talented educator would ultimately use her talent to swindle hundreds of thousands of dollars specifically

earmarked to help the schoolchildren in Detroit advance and succeed. The only explanation for her presence before this Court is that age old vice, pure and simple, greed. And as Mahatma Gandhi once stated, “There is a sufficiency in the world for man’s need but not for man’s greed.”

## **II. SENTENCING GUIDELINE CALCULATIONS**

### **A. Statutory Maximum Sentence**

As set forth in Title 18, United States Code, Section 666, the maximum sentence that may be imposed on StarkeyDarden is 10 years. The maximum fine is \$250,000.

### **B. Base Offense Level and Specific Offense Characteristics**

#### **1. Base Offense Level**

StarkeyDarden’s adjusted offense level, including the sole specific offense characteristic based on the amount of loss in this case, is 20. The probation department agrees that the appropriate adjusted offense level is 20. (PSIR, ¶ 31). The probation department concurs with the parties’ calculation of the base offense level, specific offense characteristics, and adjustments. (PSIR, ¶¶ 26-31).

#### **2. Sentencing Guidelines Calculations**

Based on the foregoing, the parties agree and the probation department concurs that StarkeyDarden’s total offense level is 17, after the three level reduction for acceptance of responsibility. With a total offense level of 17 and

criminal history category of I, the applicable sentencing guideline range is 24-30 months. The probation department calculated the same guideline range.

### **III. ARGUMENT**

#### **A. The Nature and Circumstances of StarkeyDarden's Crimes (18 U.S.C. § 3553(a)(1))**

From August 2005 through September 2011, StarkeyDarden as an agent of MI Learning Unlimited ("MILU"), Grants-N-Such LLC, Dara Darden Consultants, Achieving 180 ("A180"), and Learning Unlimited Companies entered into contracts with DPS to provide supplemental educational services to eligible students in the district. And, in numerous and various ways, from 2005 through 2012, StarkeyDarden committed fraud in obtaining approval and reapproval to provide supplemental educational services in the State of Michigan and in the acquisition and fulfillment of supplemental educational services contracts from DPS. Carolyn StarkeyDarden also falsified invoices she submitted to DPS on behalf of MILU for tutorial services that she claimed to have rendered to students that, in fact, had not been rendered at all and or not provided in the total number of hours indicated on those invoices. Below is a summary of the various ways in which StarkeyDarden defrauded DPS.

### **1. MILU's SES Application for Approval**

On May 30, 2005, StarkeyDarden submitted an application to Michigan Department of Education ("MDE") seeking approval to provide after school tutoring services under the SES program. At the time StarkeyDarden submitted her application, she was still the Director of Grant Development for DPS. And in a calculated move, StarkeyDarden represented that she was the director of MI Learning Unlimited ("MILU") and used her maiden name, Carolyn Morton, a name she had not used since the seventies. StarkeyDarden certified that the information in her application was true and correct. But, not only was Carolyn Morton not her legal name in 2005, it was not even the name she used to establish the yet to be formed company, MILU, for which she sought approval.

Almost two months after MDE approved MILU as a supplemental educational services provider, on July 20, 2005, StarkeyDarden formed Grants-N-Such LLC, "to provide educational consultation to agencies and institutions that provide public or private education." That same day, she filed two certificates of assumed names for Grants-N-Such, which were MILU and Dara Darden Educational Consultants, respectively, and on each she listed herself as president. From on or about July 2005 through October 2012, StarkeyDarden served as the Chief Executive Officer ("CEO"), president and or agent of MILU, Grants-N-Such LLC, Dara Darden Educational Consultants, Achieving 180 LLC ("A180"), and

the Learning Unlimited Companies. And she used her legal name, “Carolyn StarkeyDarden” on all the official documents she used to form these companies.

## **2. MILU’s First SES Contract with DPS**

On October 31, 2005, StarkeyDarden retired from DPS. Knowing that a conflict of interest clause in DPS contracts prohibited her from entering into contracts with DPS in less than one year after her retirement, StarkeyDarden had her husband, Anthony Darden, execute MILU’s first SES contract with DPS. Anthony Darden signed that contract on November 1, 2005, the day immediately following StarkeyDarden’s effective date of retirement from DPS. But, for each of the six SES contracts between MILU and DPS that followed, between October of 2006 and September of 2011, StarkeyDarden represented MILU and signed *her* name on each one.

## **3. MILU’s SES Application for Reapproval**

On April 27, 2007, StarkeyDarden sought reapproval of MILU’s status as a qualified supplemental educational services provider. During this process, StarkeyDarden submitted fraudulent “audited financial statements” to MDE to support MILU’s application for reapproval. These fraudulent documents were submitted to demonstrate that MILU was financially sound, and included a fraudulent auditor’s report and auditor’s letter that had been cut and pasted together and purportedly authored by a tax preparer who StarkeyDarden had

previously employed. That tax preparer not only denied having authored these documents, he disclaimed any authority to even conduct audits and prepare such reports. And he never gave StarkeyDarden permission to use his letterhead to prepare these fraudulent documents in support of her application for reapproval.

#### **4. A180's SES Application for Approval**

StarkeyDarden also falsified A180's application for approval to provide supplemental online tutoring services. Consistent with her pattern of fraud, StarkeyDarden used her daughter, Samara Starkey, as a nominee on A180's application to MDE. And again, StarkeyDarden submitted fraudulent documents in support of A180's application. To demonstrate A180's financial stability in order to satisfy MDE's "sufficient funds rule," StarkeyDarden falsely used one of MILU's bank statements, which StarkeyDarden, again cut and pasted, to make it appear to be one of A180's bank statement. However, A180 had not even established a bank account until approximately 10 months after the date of its application to MDE.

#### **5. MILU's SES Contracts with DPS**

StarkeyDarden's fraud did not stop there. StarkeyDarden employed various methods of fraud in the fulfillment of MILU's tutoring contracts with DPS. From November 2005 through October 2012, StarkeyDarden and others at her direction, falsified pre-test scores, individualized lesson plans, progress reports, and



attendance records, all of which were used to support payments from DPS to which MILU was not entitled. Most egregiously, StarkeyDarden submitted fraudulent invoices to DPS which included both personalized and online tutoring services that MILU had not, in fact, provided. As a result, between 2006 and 2012, StarkeyDarden stole, obtained by fraud, and intentionally misapplied at least \$1,275,000 from DPS.

In total, MILU fraudulently billed DPS \$191,943.00 for online tutoring, and A180 fraudulently billed DPS \$27,430.00 for the same. Combined, MILU and A180 received \$219,373.00 for online tutoring of which nearly all represented payments for online tutoring services that MILU and A180 never provided. And based on all the invoices that StarkeyDarden submitted for personal tutoring services, MILU was paid \$5,999,304.32 and A180 received \$431,518.75. A significant portion of these payments were also based on fraudulent documentation to support tutoring services that were not, in fact, rendered to students or were not rendered for the total number of hours indicated on the invoices.

**B. The Seriousness of StarkeyDarden's Crimes, Just Punishment, and Respect for the Law (18 U.S.C. § 3553(a)(2)(A))**

StarkeyDarden's crime is particularly serious because it adversely impacted the schoolchildren in a district suffering from years-long declines in academic achievement. StarkeyDarden's crime compounded the District's failure to

improve schools, graduation rates and otherwise provide the quality education that the schoolchildren of Detroit so desperately deserve.

For 37 years, StarkeyDarden was part of DPS and witnessed the devastation first hand. As evidenced in the numerous letters she submits for this Court's consideration and as the government's investigation revealed, StarkeyDarden was well-respected in the DPS community and beyond. Many sought her counsel on any and all issues relating to Title I grants and improving academic achievement. And although this investigation revealed that StarkeyDarden legitimately tutored some students, that work is woefully inadequate to justify the blatant and rampant fraud she committed in this case that deprived many other students of the opportunity to achieve. Rather than use her expertise for the full benefit of all DPS students' academic success, StarkeyDarden took the opportunity to enrich herself to their detriment. The greed that allowed StarkeyDarden to falsely claim that she tutored students and to overbill a school district plagued with budget deficits at times exceeding \$700 million<sup>1</sup> and graduation rates, arguably as low as twenty-five percent<sup>2</sup> at times, is unacceptable and should be accounted for in her sentence.

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<sup>1</sup> <http://www.metrotimes.com/detroit/after-six-years-and-four-state-appointed-managers-detroit-public-schools-debt-is-deeper-than-ever/Content?oid=2302010>

<sup>2</sup> <http://www.edweek.org/ew/articles/2007/06/12/40gradprofiles.h26.html>

StarkeyDarden's conduct can hardly be characterized as aberrant behavior as she claims. (Defendant's Memo at 8). She committed fraud in numerous and various ways over the course of several years. She repeatedly falsified records, created bogus documents, and engaged in significant planning to not only circumvent SES and DPS rules and requirements, but to also falsely claim to have completed the work required for payment.

And StarkeyDarden's community service and community support also does not support a downward departure or variance in this case. Charitable deeds and prior good works are not ordinarily relevant in determining whether a sentence should be outside of the guidelines. USSG § 5H1.11. They only become relevant if they are exceptional or substantially unusual in kind and degree. *See United States v. Crouse*, 145 F.3d 786, 790 (6th Cir. 1998); *United States v. Kohlbach*, 38 F.3d 832, 838-39 (6th Cir. 1994). In finding defendant's prior deeds and admiration by the community inadequate, the court in *Kohlbach* noted a then recent case in which not even a \$1 million contribution to Mother Theresa's mission, nor a letter from a representative from the Vatican and one from Mother Theresa herself, sufficiently supported a departure based on community work and good deeds. *Kohlbach*, 38 F.2d at 839.

Similarly, StarkeyDarden's contributions to her church, her other charitable works and the support and devotion expressed by her numerous supporters are not

sufficiently unusual to warrant a departure in this case. StarkeyDarden derived over \$6 million over the years of her SES contracts with DPS. She supported her request for those payments with fraudulent reports and documentation. The nature and unscrupulous frequency with which StarkeyDarden engaged in fraud in this case demonstrates character that seems incongruous with the individual described in the letters of StarkeyDarden's supporters. Despite their claims of her integrity, commitment and compassion, StarkeyDarden took advantage of a system with which she was all too familiar, one rife with corruption and inadequacy. And as a result, many schoolchildren in Detroit suffered.

Moreover, StarkeyDarden's ability to provide free and reduced rate tutoring, as Mr. Lee and Ms. Richardson describe in their letters, was arguably funded by her crime here. She received payments from DPS for students for whom she provided no tutoring services, but certified in her invoices to DPS that she had. Those students and other DPS students who could have benefitted from additional educational assistance were denied the opportunity to make academic progress similar to that which Mr. Lee describes his son experienced from StarkeyDarden's help.

And, most of StarkeyDarden's charitable work consists of large monetary donations to her church for various needs of the congregation. These, too, were potentially funded by the money StarkeyDarden received from DPS for work she

didn't do. StarkeyDarden's charitable acts are not extraordinary, and this Court should reject her request to depart or vary from the guideline range.

**C. Deterring the Criminal Conduct of Others  
(18 U.S.C. § 3553(a)(2)(B))**

As this Court is well aware, fraud committed on DPS has been ubiquitous. DPS has suffered greatly as a result of this fraud, as has been well-documented in the media about the criminal activity of many other DPS vendors and DPS employees. This Court should send a strong message to those seeking to do business with DPS and to employees alike that anyone who steals funds intended to educate children will be met with swift and sure punishment. A reasonably significant sentence is warranted to deter others from committing this crime.

**D. Protecting the Public from Further Crimes by StarkeyDarden  
(18 U.S.C. § 3553 (A)(2)(C))**

Further crimes by StarkeyDarden are unlikely. StarkeyDarden is 71 years old. She has accepted responsibility and shown remorse for her criminal conduct. And given this conviction, it is also unlikely that StarkeyDarden would be allowed to contract with a DPS or any other school district so as to allow her to commit additional crimes in the future.

#### IV. CONCLUSION

Motivated by greed, StarkeyDarden committed serious criminal conduct over the course of a number of years. Given the repeated instances of fraud in this matter, the gravity of StarkeyDarden's crime and its impact on the community, as well as the sentencing and guidelines and the statutory factors set forth in Title 18, United States Code, Section 3553(a), a sentence of 24 months in prison is appropriate in this case. Such sentence would be sufficient but not greater than necessary to satisfy the purposes of sentencing as set forth in 18 U.S.C. § 3553(a).

Respectfully submitted,

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Dated: March 23, 2017

**CERTIFICATE OF SERVICE**

I hereby certify that on March 23, 2017, I electronically filed the foregoing document with the Clerk of the Court using the ECF system, which will send notification of such filing to the following:

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